



Questar Gas Company

333 South State Street
PO Box 45003
Salt Lake City, Utah 84145-0003
Tel 801-324-5491 • Fax 801 324-5485
Barrie.McKay@Questar.com

Barrie L. McKay
Director Customer Rates & Regulation

November 11, 2016

Chairman Thad LeVar
Utah Public Service Commission
Heber M. Wells Building, 4th Floor
P. O. Box 146751
Salt Lake City, UT 84114-6751

*Re: Replacement Infrastructure 2017 Annual Plan and Budget –
Docket No. 16-057-17*

Dear Commissioner LeVar:

In accordance with Section 2.07 of Questar Gas Company's Utah Natural Gas Tariff No. 400 (Tariff), Questar Gas Company (Questar Gas or Company) hereby provides the annual plan and budget describing the estimated costs and schedule for the Replacement Infrastructure for 2017. As shown in Exhibit 1, Questar Gas has budgeted \$46,506,000 to replace segments of Feeder Line 21 and Feeder Line 26 during 2017 (Column B, Line 4). Questar Gas has also budgeted \$17,094,000 to replace several segments of intermediate high pressure (IHP) belt lines in Salt Lake, Utah, and Davis Counties (Column B, Line 8). In addition to 2017 replacement, the Company expects to spend about \$550,000 on engineering studies and preparation related to replacement projects scheduled to begin after 2017 (Column B, Line 9). Column B, Line 10 shows the total budgeted amount of \$64,150,000.

Exhibit 2 provides summaries taken from the High Pressure (HP) and IHP Master Lists. Page 1 shows the existing HP footages by size and year of installation in columns A-R. Column S shows the anticipated footage that will be replaced in 2017. Page 2 shows similar information for the IHP belt line footages to be replaced. Exhibit 3 shows the route of each of the respective projects. Exhibit 4 shows the projected time line for each of the projects identified above. Work on Feeder Line 21 is expected to occur throughout 2017, while the Feeder Line 26 segment will be completed in the 2nd quarter of 2017. All of the IHP segments budgeted for 2017 are planned to be completed in 2017.

As set forth in Section 2.07 of the Tariff, Questar Gas considers a number of elements in determining which pipelines to replace. The criteria the Company uses in scheduling HP and IHP pipeline replacements is set forth in Confidential Exhibits D and E to the Partial Settlement Stipulation in Docket 13-057-05. Where possible, Questar Gas has made an effort to group projects in proximate geographic areas to minimize Company and contractor travel and mobilization/demobilization costs. This effort has resulted in the scheduled replacement of 1,690 feet of Feeder Line 26 in 2017 concurrently with the Utah County belt line being replaced in the same geographic area (see Exhibit 3, Page 1). This portion of Feeder Line 26 had previously been scheduled for replacement in 2018.

Questar Gas notes that the total budgeted amount of \$64.15 million is within authorized 2017 budget levels established by the Commission in its Order dated May 2, 2016 in Docket No. 15-057-19, which states that “the 2017 allowed infrastructure replacement budget be decreased” by \$4 million. Paragraph 24 of the Partial Settlement Stipulation in Docket No. 13-057-05 (approved by the February 21, 2014 Report and Order in the same docket) provides that the budget shall not exceed \$65 million (adjusted for inflation using the Global Insight “GDP Deflator” rate). Exhibit 5 is a copy of the GDP deflator provided in the October 2016 IHS US Economic Outlook publication. Adjusting the Commission-allowed \$65 million budget cap by the 1.1% 2015 inflation rate, the 1.4% 2016 inflation rate, and the 2.3% 2017 inflation rate results in a \$68.17 million cap for 2017. This amount is then reduced by \$4 million pursuant to the Commission’s order in Docket No. 15-057-19, which results in a total allowed budget of \$64.17 million. The Company anticipates that it will continue to replace HP and IHP infrastructure at a rate of \$65 million per year adjusted for inflation. The Company will continue to monitor the federal requirements related to pipeline safety and whether this level of spending is adequate.

Also, in accordance with the Settlement Stipulation and Report and Order in Docket No. 13-057-05 and with Section 2.07 of Questar Gas’ Tariff, the Company will continue to submit quarterly reports to the Division of Public Utilities showing the progress and costs associated with these projects. As part of its first quarter report, the Company will also provide updated Master Lists and replacement schedules for HP and IHP infrastructure.

Sincerely,

Barrie L. McKay
Director
Customer Rates and Regulation

cc: Division of Public Utilities
Office of Consumer Services